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RUEHGZ/AMCONSUL GUANGZHOU 0930  
RUEHHK/AMCONSUL HONG KONG 9085  
RUEHGH/AMCONSUL SHANGHAI 1746  
RUEHSH/AMCONSUL SHENYANG 6351  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHINGTON DC  
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C O N F I D E N T I A L SECTION 01 OF 04 TAIPEI 000189

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STATE PASS USTR FOR STRATFORD, KATZ, O'CONNER  
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TAGS: PGOV PREL PBTS EAGR ETRD TW

SUBJECT: PRESIDENT CHEN ON ELECTION POLITICS, UN  
REFERENDUM, HIS SPRATLY VISIT AND U.S. BEEF

REF: A. TAIPEI 123

B. TAIPEI 119

Classified By: AIT Director Stephen M. Young,  
Reasons: 1.4 (b/d)

¶1. (C) Summary: During a dinner hosted by President Chen on February 4, he described his recent trip to the Spratlys and explained why China wasn't concerned. The Director urged Taiwan to open its market to all U.S. beef products as soon as possible. Chen stressed his commitment to open up the market after the March 22 presidential election and before leaving office on May 20. Chen suggested that the KMT is overconfident, and the sense of crisis and unity within the DPP will give Frank Hsieh a chance to win the presidential election. Chen blamed KMT candidate Ma Ying-jeou for scuttling his effort to work out a compromise with KMT Chairman Wu Poh-hsiung and Legislative Yuan (LY) Speaker Wang Jin-pyng (KMT) on the UN referenda issue. Chen suggested the KMT will probably boycott the UN referenda but predicted the referenda may pass nonetheless. After leaving office on May 20, Chen said he would not criticize the new president or his policies, nor would he launch a new political movement or party as former President Lee Teng-hui had done. He also pledged to be cautious in international travels and activities. End Summary.

¶2. (C) President Chen Shui-bian hosted the Director to a pre-Lunar New Year's dinner at the Presidential Office on February 4. President Chen was accompanied by Vice Premier Chiou I-jen, National Security Council Secretary General Mark Chen, Presidential Office Deputy Secretary General Lin Chia-lung, and interpreter. The Director was accompanied by DDIR, Agriculture Chief, and POL Deputy Chief.

Spratlys Visit

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¶3. (C) President Chen said he had been visiting the troops on the various islands controlled by Taiwan during the pre-Lunar New Year period. On Saturday (Feb. 2) he had made

the first ever trip by a Taiwan president to Taiping Island (Itu Aba) in the Spratlys, where Taiwan has stationed about 100 coast guard personnel. Beijing had not reacted to his trip, Chen said, since from the PRC viewpoint the trip represented an assertion of "Chinese" sovereignty over the Spratlys against other claimants. Chen said he would be visiting Matsu and Tungyin Islands the next day and he would also be paying a visit to Tungsha on February 10.

#### Beef

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¶4. (C) President Chen expressed his continued commitment to opening up Taiwan's market to all U.S. beef within the remaining months of his administration. Consulting with Vice Premier Chiou at the dinner, Chen said he regretted that the opening could not be made before Chinese New Year, as initially planned. Chiou had explained to the President that there were still a number of experts on the Risk Advisory Committee (RAC) who were opposed to the opening at this time. Chiou indicated that he will seek a meeting of the RAC shortly after the Lunar New Year break. In any case, President Chen told the Director, he will abide by his commitment and will open up the market before departing office on May 20.

¶5. (C) Chen noted, however, that it may now be too difficult to announce this decision in the run-up to the upcoming presidential election on March 22, since this could have an impact on the campaign. The opposition KMT may use this as a way to criticize the administration and, indirectly, the DPP presidential candidate. Opening up the market after the election, however, would not have such an impact. Moreover,

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Chen said that such a decision should not be considered a "significant policy matter." Hence, he believed that he could make the decision even as a "caretaker" president after March 22. Chen believed his successor would actually appreciate his taking action, since he suggested a new president would not be in a position to act quickly on the issue. The Director underscored continued U.S. Government interest in this issue and urged the President to move to fully opening up the beef market to U.S. products on an OIE-consistent basis as soon as possible.

#### Presidential Race

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¶6. (C) Asked about DPP candidate Frank Hsieh's chances in the March 22 presidential election, Chen said he could not predict the results, but the situation would become clearer after the Lunar New Year holiday. Victory is not assured for KMT candidate Ma Ying-jeou, and Hsieh has at least an opportunity. Although Hsieh has gained a little ground from criticizing Ma for having had a green card, neither the green card issue nor the previous special mayoral funds case will be decisive. These issues are not Ma's real problem. The essential question is ideology, Chen stressed. In addition, the KMT is over-confident following its victory in the January 12 Legislative Yuan (LY) elections. Overconfidence cost the KMT the presidential election in 2004, and history may repeat itself in 2008. On the other hand, the LY defeat has generated a sense of crisis and unified the DPP, which will help the party in the presidential election.

#### UN Referenda

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¶7. (C) Chen observed that the KMT had not been smart in handling the January 24 discussion between him, KMT Chairman Wu Poh-hsiung and Legislative Yuan (LY) Speaker Wang Jin-pyng (KMT) about a possible cross-party compromise text for the UN referendum. The meeting had gone well and Wu and Wang had wanted to hold further discussions. However, Wu and Wang had to pull back after receiving strong criticism from within the

KMT. The main factor was Ma Ying-jeou, who believed the compromise would not be good for his election. Proud, confident and selfish, Ma does not want to make any concessions because he believes he will win the election. "We will see on March 22," Chen said.

¶8. (C) Chen stressed that he had kept Frank Hsieh fully informed, both before and after his discussion with Wu and Wang (ref b). However, Chen claimed, Wu and Wang had not informed Ma prior to the discussion as they should have, and this was highly regrettable (ref a). (Note: It was not clear from the Director's January 24 meeting whether Ma had been informed in advance of the meeting between Wu, Wang, and President Chen.) Chen speculated that Wu and Wang had cooperated, while keeping Ma in the dark, in an effort to avoid becoming powerless figureheads compared to Ma.

¶9. (C) Chen explained that he had wanted to reach an agreement with the KMT on a compromise text for the UN referendum. This compromise text (the third version) could have been placed on the ballot either through LY action or in the form of a presidential defensive referendum. The current KMT and DPP referenda could then have been dealt with technically, first postponed and then gradually allowed to go away. However, the Central Election Commission (CEC) decided on February 1 to hold the DPP and KMT referenda together with the presidential election on March 22. Following this decision, there is no reason to postpone the referenda, which cannot be changed or withdrawn.

¶10. (C) In the end, Chen predicted, the KMT will probably boycott the two UN referenda, adding that the deep-Blue New Party has already called for a boycott. In the 2004

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presidential election, Chen recalled, the pan-Blue boycotted the two defensive referenda, which were on topics not well understood by the public. Despite the pan-Blue boycott, 45 percent of eligible voters participated in the referenda, just 5 percent short of the 50 percent participation threshold requirement. Because the UN referendum relates to the popular topics of "Taiwan subjectivity" and the desire for increased international involvement, voter participation may exceed the 50 percent requirement, and those who do participate will overwhelmingly vote yes, Chen predicted.

#### Constitutional Amendments Difficult

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¶11. (C) The threshold for amending the constitution is even higher than for a regular referendum, Chen pointed out. Following passage by a 3/4 majority in the LY, an amendment requires approval (not just participation) by 50 percent of all eligible voters in a special referendum. This very high threshold will make it almost impossible to amend the constitution in the future. Chen noted that governing is difficult under current constitutional arrangements, and he predicted that Ma or Hsieh, whoever is elected, will face the same types of problems he had encountered over the past 8 years.

#### Chen's Post-Presidential Plans

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¶12. (C) In a side conversation, the Director asked President Chen what he planned to do following the inauguration of a new president May 20. Chen noted that there was only one model thus far for ex-presidential behavior in democratic Taiwan. He made it clear he disapproved of Lee Teng-hui's conduct since 2000, and planned to break with that pattern in two important respects. Chen began by criticizing Lee for his heavy-handed management of the KMT campaign for president in 2000, outshining candidate Lien Chan in ways that weakened Lien's candidacy. Chen asserted that his decision to pull back since last month's LY election was designed to give Frank Hsieh the opportunity to market himself to the island's

voters, out of the shadow of the incumbent president. Chen then claimed he would studiously avoid interfering in Taiwan's politics after May 20, no matter who is elected to replace him. He would not criticize the new president or his policies, nor would he seek to launch a new political movement or party.

¶13. (C) Chen also pledged to be more careful than Lee Teng-hui in his international behavior following his return to private life. He hopes to travel widely, helping the world understand Taiwan better, and believes that the United States and Japan are likely to permit him to visit once he has stepped down. Chen claimed he would be cautious in his initial trips abroad, to blunt the expected PRC attempts to limit such forays by claiming (as it consistently has done with Lee Teng-hui) that Chen is an "incurrigible separatist" who should not be permitted to visit other countries. Chen asserted that he has numerous friends around the world, including ex-presidents and democracy activists, who can host him on his travels, and he told the Director he would be careful not to engage in political activity on these trips that might make it harder for him to be invited back. The Director reinforced the point that Chen's behavior in his first visits abroad would either fuel or blunt PRC efforts to restrict such travel, though the U.S. will certainly be prepared to view him as a private citizen after May 20.

Comment

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¶14. (C) Chen appeared relaxed and cheerful, both in line with the holiday spirit and with his new role on the "second line" of the DPP campaign. His foray with the KMT on the UN

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referendum issue shows, however, that he still has his hand in politics. His surprise trip to Taiping Island in the Spratlys also shows Chen retains a flair for the dramatic. How Hsieh does on March 22 may well affect Chen's future role after May 20. If Hsieh is defeated, there could be intense competition within the DPP over the party's future leadership and agenda.

YOUNG